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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 1000

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY

RUCNCIS/CIS COLLECTIVE PRIORITY

RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEHAK/AMEMBASSY ANKARA PRIORITY 3910

RUEHBJ/AMEMBASSY BEIJING PRIORITY 1727

RUEHKO/AMEMBASSY TOKYO PRIORITY 1594

RUEHIT/AMCONSUL ISTANBUL PRIORITY 2163

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RUCNDT/USMISSION USUN NEW YORK PRIORITY 0786

RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY

RUEHBS/USEU BRUSSELS PRIORITY

RUEHVEN/USMISSION USOSCE PRIORITY 2605

RUEAIIA/CIA WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RUEKJCS/JOINT STAFF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000763

SIPDIS

STATE FOR SCA/CEN, DRL

E.O. 12958: DECL: 06/16/2018

TAGS: PGOV PHUM ELAB EPET SOCI TX

SUBJECT: TURKMENISTAN: STRIKE CONFIRMED AT BURREN
ENERGY'S BALKANABAT FACILITY

Classified By: CDA RICHARD E. HOAGLAND: 1.4 (B), (D)

¶1. (C) SUMMARY: Deutsche Welle reported June 10 that there had been a violent demonstration by up to 600 workers at the field just south of Balkanabat (formerly Nebitdag) whose production sharing agreement Italian oil company Eni had purchased in November 2007 from Burren Energy. According to the report, the Eni/Burren local workers had staged a demonstration because their wages -- paid in dollars -- had not been increased in response to the dollar exchange rate's rapid drop since the beginning of the year. Burren's senior representative in Ashgabat confirmed that there had been labor unrest at the field, but said the media report had exaggerated the numbers and seriousness of the strike. He said that both Eni and Burren are cooperating fully with Turkmenistan's authorities to get this unpleasant event behind them and get the relationship onto a positive track. This is the first such strike that Post is aware of since the small, peaceful strike outside a joint-venture textile factory in 2006 and, if the reports of violence are true, the first such riot in years. END SUMMARY.

¶2. (C) On June 10, Deutsche Welle radio reported that a strike had taken place at an oil and gas facility outside of Balkanabat. The report indicated that on June 6, some 600 local employees of the British company, Burren Energy, did not show up for work. (NOTE: The Italian energy conglomerate, Eni, bought Burren in November 2007, without giving Turkmenistan's government any advance notice. Government officials here were so displeased with the lack of notice that they still have not issued visas to any Eni managers seeking to replace the Burren team. Burren continues to manage in status quo fashion until something changes. END NOTE.) The workers were striking to demand an increase in their wages, paid in dollars, to account for the changes in the dollar exchange rate that have led to a 45 percent reduction in the value of their earnings since January 1.

MEDIA REPORT LARGE VIOLENT RIOT

¶13. (C) According to the Deutsche Welle report, the workers asked Burren managers at the site to send their strike demands to the company's office in Ashgabat. After hours of waiting for a response, the protestors broke into the company's offices near the Nebitdag oil field, and destroyed office equipment, cars, and other company property.

Government authorities quickly deployed OMON (Ministry of Internal Affairs special duties unit) and special Ministry of National Security (MNB) troops to quell the protest.

Government forces reportedly detained 62 people, who were taken to a regional MNB detention center. It is not yet clear how or if those detained will be arrested and prosecuted, according to Deutsche Welle, citing an unnamed provincial official, who speculated that the government might want only to scare the protesters, although he thought it possible that some would be prosecuted for their involvement in damaging property. Deutsche Welle reported on June 11 that relatives, wives, and children of those arrested gathered outside the MNB's regional office to plead for their family members to be released.

¶14. (C) Deutsch Welle suggested that a company representative in Balkanabat said he had told the strikers that Eni had agreed to review the workers' wages, but that the arrested strikers' relatives said this was not what took place. They said the workers had talked with Balkanabat company representatives, and had been told that their pay would remain unchanged, in spite of the changes in the dollar exchange rate.

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BURREN ONLY ACKNOWLEDGES QUIET STRIKE

¶15. (C) Poloff spoke to the AmCit senior representative of Burren's Ashgabat office on June 13. He was hesitant to discuss the events in Balkanabat, and initially denied that anything had occurred at the company's facility. Once made aware that the radio report had hit opposition websites, he acknowledged that a strike over wages had indeed taken place.

He claimed that only about 100-150 local employees had participated in a peaceful action, and denied that any company property was damaged or that any employees were detained. Law enforcement authorities were interviewing some employees at the site, he said, but nothing more.

¶16. (C) The representative said that the company is cooperating closely with the government to resolve the issue. Eni company officials, too, are in regular communication with Turkmenistan's government and are cautiously optimistic that the company's full cooperation with the government will offer Eni an opportunity to finally begin to establish a positive and constructive relationship with Turkmen officials. The representative indicated that government officials had instructed Burren to keep all details of the strike under wraps.

RELATIVE DISCUSSES DISGRUNTLEMENT AT SITE

¶17. (C) A U.S. Embassy local employee's brother who works at the Balkanabat facility separately confirmed that there has been considerable disgruntlement at the site. While the brother had gone off rotation prior to the protests, he suggested that the unhappiness there had the capacity to grow in size. Sources at Turkmenistan's State Agency for Management and Use of Hydrocarbon Resources reported that there was a special meeting of Turkmenistan's hydrocarbon officials called on June 13 to discuss the events at the Eni/Burren site and that those officials responsible for overseeing the PSA are being questioned.

¶18. (C) COMMENT: While it is impossible at this point to know how accurate any of these reports are, it appears that something in fact did take place, and that it was directed against a foreign company, rather than a government facility.

This is the first such activity that Post is aware of since

a peaceful strike at a joint-venture textile factory in 2006.

If the reports of violence are accurate, however, it is also the first such riot in many years. The dollar's declining value is creating a real problem for employees and employers alike, with both sides looking at their respective bottom lines. Some of the smaller foreign companies, such as Cooper-Cameron, have given their employees modest (10%) increases, but larger increases -- especially in companies with hundreds of employees -- will be difficult for most employers to absorb. And, although some of Turkmenistan's officials are probably not entirely unhappy to see Eni/Burren suffer difficulties, the strike offers a new set of difficulties as control-obsessed official seek to find ways of ensuring that any unrest does not spread. END COMMENT.

HOAGLAND